

**Rating Action: Banif - Banco Int. do Funchal (Brasil), S.A.**

**Moody's lowers Banif Brazil's deposits to Ba2; affirms financial strength at D-**

New York, April 23, 2009 -- Moody's Investors Service downgraded the long-term global local-currency (GLC) deposit rating of Banif -- Banco Internacional do Funchal (Brasil), S.A. (Banif Brazil) -- to Ba2 from Ba1, and the bank's long-term Brazilian national scale rating (NSR) was lowered to Aa3.br from Aa2.br. Both ratings went on review for possible downgrade. At the same time, Moody's affirmed Banif Brazil's bank financial strength rating (BFSR) at D-, with a stable outlook. The bank's long-term foreign currency deposit rating of Ba2 was placed on review for downgrade. The short-term local and foreign currency deposits ratings were affirmed at Not Prime, and the short-term NSR at BR-1.

The rating actions follow Moody's downgrade of Banif -- Banco Internacional do Funchal, SA's (Banif Portugal) BFSR and deposit and senior debt ratings (for further details, please refer to press release dated April 6, 2009 "Moody's announces multiple rating actions on Portuguese banks").

Moody's noted that the lowering of Banif Brazil's GLC rating was prompted by the downgrade of Banif Portugal's BFSR and baseline credit assessment, which serves as the parental support input for the Brazilian bank's deposit ratings.

Banif Portugal and Banif Brazil are sister companies; nevertheless, Moody's view is that parental support, if required, would be provided through Banif Portugal since this entity is the main originator of earnings within the group. The downgrade of Banif Brazil's NSR was also driven by lower GLC deposit ratings, according to Moody's.

The review for downgrade on Banif Brazil's deposit ratings indicates the possibility of further weakening of Banif Portugal's intrinsic financial strength, as denoted by the review for downgrade on its BFSR.

According to Moody's, the affirmation of Banif Brazil's BFSR was supported by the bank's adequate financial indicators, which have benefited from the organic growth of its operations. Management's prudent approach in preserving asset quality discipline also favors the bank's franchise.

Moody's last rating action on Banif Brazil was on August 23, 2007, when Moody's Investors Service upgraded the bank's long-term foreign currency deposit rating to Ba2 from Ba3, following an upgrade of Brazil's foreign currency ceiling.

The principal methodologies used in rating this bank were "Bank Financial Strength Ratings: Global Methodology" and "Incorporation of Joint Default Analysis into Moody's Bank Ratings: A Refined Methodology", which can be found on [www.moodys.com](http://www.moodys.com) in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this bank can also be found in the Credit Policy & Methodologies directory.

Banif - Banco Internacional do Funchal (Brasil) S.A. is headquartered in São Paulo, Brazil. As of December 2008, the bank had total assets of approximately R\$1.4 billion (US\$592 million) and equity of R\$130 million (US\$55.6 million).

The following ratings assigned to Banif - Banco Internacional do Funchal (Brasil) S.A. were downgraded and placed on review for downgrade:

Long-term global local-currency deposit rating: to Ba2 from Ba1

Long-term Brazilian national scale deposit rating: to Aa3.br from Aa2.br

The following rating of Banif - Banco Internacional do Funchal (Brasil) S.A. was placed on review for downgrade:

Long-term foreign currency deposit rating of Ba2

The following ratings assigned to Banif - Banco Internacional do Funchal (Brasil) S.A. were affirmed:

Bank financial strength rating at D-, with stable outlook

Short-term global local-currency deposit rating at Not Prime;

Short-term foreign currency deposit rating at Not Prime;

Short-term Brazilian national scale deposit rating at BR-1

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